

CITY OF ALAMEDA

Memorandum

To: Honorable Mayor and
Members of the City Council

From: John A. Russo
City Manager

Date: July 17, 2012

Re: Authorize the City Manager or His Designee to Enter into Purchase
Agreements Not to Exceed \$69,000 and Financing Agreements for an
Amount Not to Exceed \$2,171,000 for the Replacement of Fire
Department Apparatus

BACKGROUND

The Fire Department is responsible for replacing its fire apparatus, vehicles and equipment according to the City's Vehicle (Fleet) and Equipment Replacement Policy. The replacement policy is based on the City of Alameda's Fleet Replacement Criteria, which considers the useful life of vehicles and equipment in terms of age, mileage (or hours), and usage. Vehicles and equipment scheduled for replacement are also reviewed and analyzed for safety history and operating performance to determine if a vehicle or equipment may be replaced later. Vehicles and equipment are also reviewed to determine if the minimum use guidelines are met. The Fire Department developed a 10-year apparatus/vehicle replacement plan based on the City's replacement program criteria. On June 26, 2012, the City Council adopted the FY12-13 budget, which includes the replacement of two fire apparatus (an engine and an aerial ladder truck), an ambulance, a rescue boat tow vehicle and a Fire Chief Command vehicle.

Function	Recommend Replacement - 2012/13 Cost
Aerial Ladder Truck	\$1,335,000
Fire Engine	\$ 676,000
Fire Chief Command Vehicle	\$ 36,000
Ambulance	\$ 160,000
Tow Vehicle for Rescue Boat	\$ 33,000

DISCUSSION

The Fire Department has determined that one 2003 Pierce Quantum fire engine, one 1995 Pierce Arrow aerial ladder truck and one 2005 Ford ambulance are ready to be placed in reserve. The useful life of a fire engine is 12 years front line, five years reserve. The useful life of an aerial ladder truck is 15 years frontline, five years reserve. The useful life of an ambulance is six years frontline, two years reserve. The purchase of new apparatus now

will help to insure a safe and reliable reserve fleet while reducing the number of reserve apparatus.

The Fire Department requests a 1997 Crown Victoria staff vehicle be replaced with a small, fuel efficient sport utility vehicle (SUV) to be used by the Fire Chief, and a pick-up truck to tow the Department's second rescue boat. Upon delivery of the new fire engine and aerial ladder truck, one 1988 Pierce Arrow fire engine, one 1991 aerial ladder truck and one 1996 Ford ambulance, currently functioning as reserve fleet vehicles, will be surplus. Similarly, the Crown Victoria will be surplus upon delivery of the new Fire Chief command vehicle.

The Fire Department has completed technical specifications for one Pierce 1500 gallon per minute fire engine, one Pierce 100' aerial ladder truck, and one Advanced Life Support (ALS) ambulance. Each apparatus will be paramedic equipped. The Fire Department has also specified one small fuel efficient SUV and one pick-up truck tow vehicle. Normal construction and delivery for a new fire engine and truck is seven to nine months, while the ambulance and other vehicles will take approximately four months.

The most efficient and cost-effective method of apparatus purchase is to "piggy-back" onto existing competitive bid purchase contracts. The Fire Department is requesting approval to piggy-back on the Pierce Manufacturing contracts with the City of Santa Cruz and Alameda County for fire apparatus, a Medtec contract with the City of Sacramento Fire Department for the ambulance, and a Downtown Ford contract with the State of California for the pick-up truck and Chief's command vehicle. This purchase method is consistent with the City of Alameda's Municipal Code Subsection 2-61-7 "Joint Purchases with Public Agencies."

The Fire Department researched financing options for the engine, aerial ladder truck and ambulance assuming the purchase price and amount financed will not exceed \$2,171,000. The funds for the pick-up truck and Chief's command vehicle will come from the City's equipment replacement fund and will not exceed \$69,000.

Institution	Apparatus	Interest Rate	Term (years)	Annual Payment	Total Payments
Holman Capital Corporation	Ambulance	2.52%	7	\$24,956	\$174,694
	Engine & Truck	3.04%	15	\$167,116	\$2,506,737
Oshkosh Capital	Ambulance	2.82%	7	\$25,507	\$178,549
	Engine & Truck	2.82%	15	\$166,269	\$2,494,035

Financing packages were requested from the Alameda Credit Union and Bank of Alameda. Neither bank was able to provide debt servicing for this project at this time. The rates and payment amounts obtained from the vendors above are as of June 19, 2012, are indexed to various Federal Reserve rates, and may be subject to change at the time of the execution of the lease agreement. The Fire Department recommends executing an agreement for the financing of the apparatus purchase with the vendor that offers the lowest annual interest rate and payment terms that allow for the deferral of the first payment for one year.

FINANCIAL IMPACT

During the first repayment year, debt service payments for the fire apparatus and ambulance purchase will be made from the City's Equipment Replacement Fund (Fund 701). In subsequent years, debt service payments will be funded by annual cost allocation charged to the Fire Department budget in the General Fund. Funding for the rescue boat tow vehicle and Chief's command vehicle has been accounted for in the FY12-13 Equipment Replacement Fund budget (Fund 701).

MUNICIPAL CODE/POLICY DOCUMENT CROSS REFERENCE

This action is authorized pursuant to Alameda Municipal Code Subsection 2-61.7 "Joint Purchases with Public Agencies."

ENVIRONMENTAL REVIEW

This action is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15061 (b)(3).

RECOMMENDATION

Authorize the City Manager or his designee to enter into purchase agreements not to exceed \$69,000 and financing agreements for an amount not to exceed \$2,171,000 for the replacement of Fire Department apparatus.

Respectfully submitted,



Michael D'Orazi
Fire Chief

By:



Daren Olson
Administrative Division Chief

Financial Impact section reviewed,



for

Fred Marsh
Controller